



INDIANA UNIVERSITY
UNIVERSITY HUMAN RESOURCE SERVICES

IU TUITION BENEFIT PLAN

Full-time Academic and Staff Employees
Summary of Plan Provisions

JANUARY 2011

Table of Contents

Plan Highlights	ii
Plan Provisions	1
Benefit Enrollment and Customer Service	5
Plan Definitions	6

Material in this booklet is intended for informational purposes only and is not intended to serve as a legal representation of these benefits. Although the booklet is intended to be accurate, if there is any difference between this summary and other legal documents and regulations, those documents and regulations will govern.

This booklet should be read in its entirety since many of the provisions are interrelated.

While Indiana University intends to continue this plan indefinitely, it reserves the right to change or terminate it at any time.

For more information visit:
hr.iu.edu/benefits/tuition.html

Plan Highlights

Plan Type	Eligibility	Enrollment
<p>The plan is established under Section 117 of the Internal Revenue Code. Eligible individuals are provided a subsidy toward the tuition costs associated with attending Indiana University classes, or in the case of IUHS, a waiver of high school course tuition.</p> <p>The IU Tuition Benefit is completely funded by Indiana University.</p>	<p>The following categories of individuals associated with Indiana University are eligible for the IU Tuition Benefit:</p> <ul style="list-style-type: none"> • Full-time Academic and Staff appointed by the end of the first week of the semester or session. • Full-time Academic and Staff employees on approved leave of absence, other than a leave without pay prior to active employment. • Former employees with IU Retiree Status. • Disabled former full-time Academic and Staff employees who are receiving long-term disability benefits from a university-sponsored plan, Social Security, or PERF. 	<ul style="list-style-type: none"> • Enrollment forms for the IU Tuition Benefit is required annually. • Enrollment forms are available online at www.hr.iu.edu/benefits/tuition.html. • Late submission of an enrollment form may mean that the applicant will have to pay all tuition costs and wait for reimbursement from the Office of the Bursar. • For IUHS tuition waiver, the form should be submitted to the University Human Resource Services office (www.hr.iu.edu). Late enrollments are not accepted; application must take place prior to registration for classes.
Employee/Retiree Coverage	Spouse/Domestic Partner/Dependent Child Coverage	Income Tax Issues
<p>Employee Tuition Benefit:</p> <ul style="list-style-type: none"> • Benefit is a subsidy of covered tuition up to a dollar maximum per semester* based on the Indiana resident per-credit-hour rates at each campus, and in the case of some employees, on class standing (undergraduate, graduate, or professional). • Dollar maximums for each campus can be found at www.hr.iu.edu/benefits/tuition.html. The employee/retiree is responsible for all tuition costs above the dollar maximum, and any excluded fees. • For Indiana University High School (IUHS): a 25 percent waiver of course tuition for high school courses. 	<p>The Tuition Benefit for the spouse/qualified domestic partner of an eligible employee or deceased eligible employee:</p> <ul style="list-style-type: none"> • Benefit is a subsidy of covered tuition up to a dollar maximum per semester* based on the Indiana resident per-credit-hour rates at each campus. Dollar maximums for each campus can be found at www.hr.iu.edu/benefits/tuition.html. Covered individuals are responsible for all tuition above the dollar maximum and excluded fees. • For IUHS: 25% tuition waiver for high school courses. <p>The Tuition Benefit for the dependent child(ren) of an eligible employee/ qualified domestic partner:</p> <ul style="list-style-type: none"> • Subsidy of 50% of the in-state resident undergraduate credit-hour fees up to the first bachelor's degree or the maximum 140 credit-hour limit is reached, whichever comes first. • For IUHS: 25% tuition waiver for high school courses. 	<p>Eligible individuals using the Tuition Benefit for undergraduate level or high school courses receive preferential tax treatment from the IRS.</p> <p>The Tuition Benefit for graduate-level courses is treated as taxable income for the employee or Retiree under IRS regulations.</p>
		Exclusions
		<p>Covered tuition includes the per-credit-hour tuition rate charged to a student, excluding special fees, such as those for music performance studies, student teaching, laboratories, early education experience, dissertation research (G901 and B798), rental of special equipment or facilities, and fees for non-credit courses. Mandatory student fees, such as student technology, activity, or athletic fees are not considered tuition and are not covered under this plan.</p>

*Both Summer Sessions combined are considered as one semester.

Plan Provisions

Summary

The IU Tuition Benefit, formerly the IU Fee Courtesy Plan, is established under Section 117 of the Internal Revenue Code. Eligible individuals are provided a subsidy toward the tuition costs associated with attending Indiana University classes or a tuition waiver in the case of Indiana University High School (IUHS) courses. The plan is available to eligible employees, former employees with IU Retiree Status, and former employees receiving long-term disability benefits.

Eligible Employees

The following categories of individuals associated with Indiana University are eligible for the Tuition Benefit:

- Full-time IU Academic and Staff appointed by the end of the first week of the semester or session.
- Full-time IU Academic and Staff employees on an approved leave of absence, other than a leave without pay prior to active employment.
- Former employees with IU Retiree Status.
- Disabled former full-time Academic and Staff employees receiving long-term disability benefits from a university-sponsored plan, Social Security, or PERF.

To be eligible, an employee or qualified former employee must have such status by the end of the first week of classes or at the time of registration for IUHS courses.

Covered Dependents

Covered dependents include the legal spouse as defined by Indiana state law or registered same-sex domestic partner of an individual described in the Eligible Employee section above; or of a deceased employee or Retiree who was eligible at the time of death.

Covered dependent children include the biological or adopted child, stepchild, or legal ward of an individual described in the Eligible Employee section above, or of an eligible spouse or registered same-sex domestic partner, or of a deceased employee or Retiree who was eligible at the time of death (provided the child was a legal dependent at the time of the parent or guardian's death). In addition the child must:

- be unmarried; and
- be age 23 or under; and
- meet the IRS support test requirements as a dependent of the employee, spouse, or registered same-sex domestic partner.

Individuals are not eligible to receive benefits as both an employee and as a dependent of another employee or as a dependent of more than one employee. For example, when both parents of a dependent child are employed by the University, one of the parents, but not both, may enroll the child in the Tuition Benefit.

Employee and Retiree Provisions

The Tuition Benefit is a subsidy of covered tuition up to a benefit dollar maximum per semester based on the Indiana resident per-credit-hour rates at each campus and the student's class standing (undergraduate, graduate, or professional).

Covered individuals are responsible for all tuition over the benefit maximum and excluded fees.

Benefit Amount - Applicable benefit maximums for each academic year are available from the University Human Resource Services Web site. In the case of IUHS the benefit is a waiver of a portion of high school course tuition. This provision includes a 25% waiver of tuition for high school courses.

Exclusions - Covered tuition includes the per-credit-hour tuition rate charged to a student, excluding special fees, such as those for music performance studies, student teaching, laboratories, early education experience, dissertation research (G901 and B798), rental of special equipment or facilities, and fees for non-credit courses. Mandatory student fees, such as student technology, activity, or athletic fees are not considered tuition and are not covered under this plan.

Audit Hours - Covered tuition does include audit hours.

Independent Study - The Tuition Benefit may be applied to independent college study courses, and is processed as a reimbursement after the course is completed. Reimbursement will be made from any remaining benefit amount available for the semester in which tuition was billed for the course(s).

Registration for courses during work hours - Employees who wish to enroll in University classes scheduled during normal work hours must obtain advance approval from the associated Department Head. Arrangements to use paid time off or to make up time need to be clearly understood by both the Supervisor and the Employee prior to enrollment.

**Tuition Benefit
Provisions for
Eligible Spouses/
Domestic Partners**

The Tuition Benefit for a covered spouse or covered domestic partner is a subsidy of covered tuition up to a benefit dollar maximum per semester based on the Indiana resident undergraduate rate at each campus. Applicable benefit maximums for each academic year are available from the University Human Resource Services Web page (www.hr.iu.edu/benefits/tuition.html). Covered individuals are responsible for all tuition costs over the benefit maximum and excluded fees.

In the case of IUHS the benefit is a waiver of a portion of high school course tuition. This provision includes a 25% waiver of tuition for high school courses.

**Tuition Benefit
Provisions for
Dependent Children**

The Tuition Benefit value for the dependent child of an eligible employee, registered same-sex domestic partner of an employee, Retiree, or deceased employee or Retiree, is 50 percent of the Indiana resident undergraduate tuition rate. The Tuition Benefit will be discontinued at the conclusion of the semester or session in which:

- The child ceases to meet the definition of a dependent child as specified in this plan; or

- The child's parent is no longer an employee of the university for reasons other than disability, death, or termination with Retiree Status; or
- The child receives a bachelor's degree, or the child accumulates 140 tuition hours*, whichever comes first.

* Hours that accumulate toward the 140 hour limit include both earned credit hours (including transfer hours from another campus or university) and any hours subsidized by the IU Tuition Benefit, such as failed or incomplete classes. Classes for which the student withdraws and receives a "W" after the 100 percent tuition refund period resulting in fewer than 12 credit hours (under the "flat fee" range) will also be included in the total accumulated hours.

The Tuition Benefit for the eligible dependent child is limited to credit hours only and does not apply to audit hours.

In the case of IUHS the benefit is a waiver of a portion of high school course tuition. This provision includes a 25% waiver of tuition for high school courses.

Covered Tuition

Covered tuition includes the per-credit-hour tuition rate charged to a student, excluding special fees, such as those for music performance studies, student teaching, laboratories, early education experience, dissertation research (G901 and B798), rental of special equipment or facilities and fees for non-credit courses. Mandatory student fees, such as student technology, activity, or athletic fees are not considered tuition and are not covered under this plan.

Retroactive Applications

If applying for the Tuition Benefit retroactively, enrollment forms cannot be accepted after December 31 of the year in which the academic year ended. The academic year extends through May; applications will need to be submitted by December 31 of the end of that year.

Application must take place prior to registration for classes; in the case of IUHS fee waiver, retroactive enrollments are not accepted.

Late Applications

If the enrollment form has not been completed and approved in sufficient time before registration, the student must pay the full tuition bill by its due date. Once the enrollment form is processed, the student will receive a refund.

In order for tuition for any semester/session to be covered by the Tuition Benefit, the employee or Retiree must be eligible by the end of the first week of class.

Appeals

Employees or Retirees who feel that they have been unjustly denied the benefits of the IU Tuition Benefit may present a written appeal to University Human Resource Services.

How to Obtain and Submit Application

The online Tuition Benefit enrollment form is available from the University Human Resource Services Web site at www.hr.iu.edu/benefits/tuition.html. A PDF version is

also available for those who prefer to submit paper enrollment forms, or who cannot use the online form (e.g. Retirees). Paper forms should be submitted to the University Human Resources office at Poplars E165, 400 E. 7th Street, Bloomington, IN 47405.

When submitting late enrollment forms, the applicant will have to pay all fees and wait for reimbursement from the Office of the Bursar.

The IUHS tuition waiver has a different enrollment form than for college courses. The form is available from campus human resource offices and online at the University Human Resource Services Web page (www.hr.iu.edu/benefits/tuition.html). This form should be submitted to the University Human Resource Services office. Enrollment must take place before registering for high school classes through the IU School of Continuing Studies.

Taxes

IRS Regulations do not provide preferential tax treatment of the IU Tuition Benefit for graduate-level courses. As such, the university is required to treat the Tuition Benefit for graduate-level courses as taxable income for the associated employee or Retiree.

The Tuition Benefit for graduate-level courses is subject to federal, state, county and FICA taxes. (Taxes will be withheld at the employee's normal rate for income and FICA taxes.) In accordance with IRS regulations, these taxes will be withheld from the employee's pay. The employee's pay notice will include reference to the amount of the Tuition Benefit included as taxable income.

For tax purposes, it does not matter which family member took the graduate-level course, the Tuition Benefit is an employee/retiree benefit. Therefore, the employee or retiree is responsible for applicable taxes. Such taxes will be deducted from the employee's pay, and in the case of a retiree, the value of the graduate-level Tuition Benefit will be given as taxable gross income, and the retiree will be issued a W-2 for that value.

The Tuition Benefit for graduate-level courses will be added to the employee's taxable income at the payroll cycle following the end of the full refund period for dropping courses. A letter reflecting the amount of additional income and the payroll periods affected will be sent from the FMS Payroll department at the following times during the year:

- Late February for spring classes
- Late August for summer classes
- Late September for fall classes

IRS Regulations state that the Tuition Benefit for both undergraduate and graduate-level courses for a qualified same-sex domestic partner are subject to federal, state, city and FICA taxes unless the domestic partner is an IRS qualified tax dependent of the employee.

Benefit Enrollment and Customer Service

In order to enroll for the IU Tuition Benefit, the student must have applied and been accepted as a student at Indiana University. Tuition Benefit enrollment forms cannot be processed prior to the student being an admitted student at the university. Contact the campus Office of Admissions for application materials.

The IU Tuition Benefit is an employee benefit plan, not a fee waiver or fee remission. As such, the Tuition Benefit enrollment form must be completed and signed by the employee or Retiree.

In order to avoid being billed for tuition covered by the Tuition Benefit, the Tuition Benefit enrollment form must be received in sufficient time to be processed before tuition is billed. Enrollment for the IU Tuition Benefit can be requested after tuition is billed, but the student is responsible for paying the full tuition bill by its due date, and Tuition Benefit amounts are applied as a refund of paid tuition. However, retroactive enrollment will not be considered beyond December 31 of the academic year of enrollment.

Contact for the IU Tuition Benefit

Questions about eligibility can be addressed to the University Human Resource Services office at 812-855-1286 or *recben@indiana.edu*.

Fee or billing questions can be addressed to the University Human Resource Services office or the Office of the Bursar.

Contact for the IUHS Waiver

Questions about eligibility can be addressed to the University Human Resource Services at 812-855-1286 or *recben@indiana.edu*.

Questions about IUHS program information, tuition charges, billing, and this waiver provision should be directed to the IU School of Continuing Studies at 812-855-2292, *scs@indiana.edu*, or toll free 800-334-1011.

Plan Definitions

Audit Hour	Class attendance without the benefit of receiving academic credit for the course attended.
Bachelor's Degree	A 4-year degree conferred by an accredited college or university, sometimes called a Baccalaureate degree.
Credit Hour	Unit of academic measurement that may or may not accumulate toward the attainment of an academic degree.
Dependent Child	<p>A child or stepchild of an eligible employee, qualified same-sex domestic partner, former employee with IU Retiree Status, or deceased employee that meets the following criteria:</p> <ul style="list-style-type: none">• is age 23 or under; and• is unmarried; and• meets the IRS support test requirements as a dependent of the employee, spouse or registered same-sex domestic partner.
Domestic Partner	An individual who has met IU's definition of a same-sex domestic partner and whose partnership has been registered with the university by submission of an Affidavit of Domestic Partnership and associated documentation and approved by the university.
Eligible Employee	A person who is a full-time appointed Academic or Staff employee of Indiana University.
Eligible Retiree	A former employee who attained IU Retiree Status by way of age and length of service at the time of termination of employment.
Employer	Indiana University
Graduate-level Course	A course 500 level or above that may or may not count toward the attainment of a graduate degree.
IUHS	IUHS is a virtual high school that provides individual courses as well as a fully accredited high school diploma through distance learning offered by the IU School of Continuing Studies. IUHS is accredited through the North Central Association and accepted for college admission by Indiana University and Big Ten schools, as well as many other universities nationally.
Legal Ward	A child for whom the employee, eligible spouse or registered same-sex domestic partner has been legally appointed sole guardian for an indefinite period of time.
Section 117	The Internal Revenue Code that authorizes educational institutions to provide certain tax benefits for tuition reductions for its employees and certain associated individuals.
Semester	Period of instruction into which the academic year is divided. Both summer sessions combined are considered as one semester.

Spouse

The person recognized as the eligible employee's husband or wife under the laws of the State of Indiana.

Undergraduate Course

A course 400 level or below that may or may not count toward the attainment of an associate or bachelor's degree.

University Human Resource Services
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